Topcoder case study

Education

If you were a senior manager at TopCoder, what are the main capabilities you would need to develop to succeed at running the firm? Are these capabilities similar or unique from managing a more traditional firm In order to develop and execute the highly non-traditional business approach and vision of TopCoder, the senior management has to regularly challenge existing industry practices and innovate better methodologies to improve the quality of deliverables to the client. . Since the business model for TopCoder is highly reliant upon participation from the develop community they need to keep a continuous track of the activities in their forum and need to devise the competition in such a way that it attracts more and more better quality coders. To make this happen, the senior management has to develop high level of marketing skills so that they can promote their product and keep the coders interested.

- The main challenge which company faces is that though the customers are getting high quality defect free products in a short p of time they are usually suspicious of the product quality since they do not have any relationships and in person/on call interaction with the developer community. Due to this suspicious outlook of the customers, the management needs to have high level of negotiation and convincing skills so that they can keep the customers.

- Software product requires regular maintenance and updation after certain period of time and thus vendor selection for development is a long term investment. Now, the customer knows that the developer community of TopCoder is usually interested in complexity of the competition and intellectually challenging tasks and thus the top

coders in the community might not take up such tasks. Thus, it becomes very important for TopCoder management to keep the clients interested. 4. The TopCoder community is innovation and competition driven, thus managing innovative and creative people who can be blunt and too direct to the customers may diminish and even destroy the reputation of company with he customer thus they need to be capable to handling not only the customer but the coders, who are primarily independent and can move out at any given time, given a better opportunity Most of the capabilities required by the senior management at TopCoder are rather similar to managers at a more traditional IT company, but the fact that they have to manage both the customer relationships, as well as the virtually located coder community, which can be challenging.

- Also, they have to additionally handle the feedback from both these communities and have to keep a balance between these two parties, which I not desired to such an extreme from a normal IT manager. What are barriers to entry in this type of a business? TopCoder is competing with in the tough and saturated space of IT Product development and Services. Gaining a market share in the high tech industry with already established and trusted brands along with relatively newer but technologically advanced businesses is a mammoth task. The entry barriers are the result of competitive behavior by existing businesses within the marketplace. TopCoder faces a variety of entry barriers that must be overcome or adapted to in order for its non-traditional business approach to create trust and

standing with the customers and gaining a foothold within any given marketplace.

According to the Journal of Business and Industrial Marketing, the most common entry barriers are:

- Established businesses attempt to prevent new competitors from entering their market because they could lose business and profits.

- Absolute cost and capital advantages of existing business

- An existing large company with high bench strength is more capable to cope ith new competitors by developing high complexity products at a lesser cost than a new company.

- High entry barriers present a difficult challenge for new businesses to overcome to be profitable in the market. If the barriers are too high, incumbent businesses in the market have a distinct advantage over any new entrant which can prevent the new business from being a significant threat to their market position

- There can be many customers, who prefer contracts of multiple projects with an established brand which may prevent them to source their requirements to a relatively smaller new company,

- Several times the processes and specialized business knowledge available with established companies are aligned with the processes and business needs of the customer and they prefer to work with each other.

- Having worked in multiple projects together and knowing the quality of deliverables customers develop a preference to certain companies

- Some customers, such as banks, have a lot of sensitive and secure data which they want to share with only already established and trusted IT firms

- Usually high performing IT firms have a highly sophisticated infrastructure and quality control mechanism in place.

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